



CANADA

CANADA'S ECONOMIC ACTION PLAN

BUDGET 2009

Overview

JANUARY 27, 2009



Introduction

Budget 2009 provides a comprehensive plan to stimulate our economy, restore confidence, support Canadian families during the current global downturn and invest in the foundations of long-term economic growth.

This stimulus plan will enable Canada to emerge with a more modern and greener infrastructure, a more skilled labour force, lower taxes and a more competitive economy—when the global recession eases.

Budget 2009 will:

- Improve access to financing for consumers and businesses with support of up to \$200 billion.
- Reduce taxes for Canadians and businesses by more than \$20 billion over 2008–09 and the following five years.
- Undertake the most ambitious building project in Canada's history with almost \$12 billion in new infrastructure funding and \$7.8 billion to build and renovate housing.
- Protect Canadians now affected by the global economic slowdown with enhanced benefits and training opportunities.
- Create or maintain up to 190,000 jobs for Canadians by the end of 2010.
- Provide total stimulus equal to 1.9% of GDP this year.

Stimulus for Canada

**Over the next two years,
Canada's Economic Action Plan will:**

- Provide almost \$40 billion in stimulus.
- Boost the gross domestic product by an estimated 1.9 per cent.
- Produce a net increase of 190,000 jobs.
- Provide tax relief to Canadians.
- Provide \$8.3 billion for skills and training.
- Reduce greenhouse gas emissions with clean energy and lower consumption.
- Strengthen Canada's capacity with new and renewed infrastructure.
- Fulfill our G20 commitment to support the global economy.

Creating Opportunity By Further Reducing Taxes

Budget 2009 proposes personal income tax relief. This includes:

- Increasing the basic personal amount that all Canadians can earn without paying federal income tax.
- Raising the upper limit of the two lowest personal income tax brackets by 7.5 per cent so that Canadians can earn more at lower tax rates.
- Increasing the amount that low- and middle-income families can earn before their federal child benefits are phased out.
- Investing \$580 million to effectively double the tax relief provided by the Working Income Tax Benefit.
- Providing tax savings of up to \$150 a year for seniors by increasing the Age Credit amount by \$1,000.

Action to Stimulate Housing Construction

Budget 2009 provides up to \$7.8 billion for housing construction and renovation. This includes:

- The temporary Home Renovation Tax Credit of up to \$1,350 for eligible home renovations and alterations.
- An increase to the Home Buyers' Plan withdrawal limit to \$25,000 from \$20,000 to help Canadians buy a first home.
- A new First-Time Home Buyers' Tax Credit that will provide up to \$750 in tax relief when purchasing a first home.
- \$300 million over two years to the ecoENERGY Retrofit program.
- \$1 billion over two years for renovation and energy retrofits to social housing.
- \$400 million over two years to build housing for low-income seniors.
- \$75 million over two years to build social housing for persons with disabilities.
- \$200 million over two years to support social housing in the North.
- \$2 billion over two years in low-cost loans to municipalities to improve housing-related infrastructure.

Immediate Action to Build Infrastructure

Budget 2009 invests almost \$12 billion to build a more modern and greener infrastructure. This includes:

- \$1 billion over five years for a green infrastructure fund.
- Up to \$500 million over the next two years to accelerate infrastructure projects in small communities.
- \$1 billion over two years to expedite new "ready-to-go" provincial, territorial and municipal projects.
- \$4 billion over two years to restore aging infrastructure.
- \$500 million over two years to Recreational Infrastructure Canada (RInC) to build and renew community recreational facilities.
- \$2 billion for repair, maintenance and construction of post-secondary institutions.
- \$750 million to the Canada Foundation for Innovation to support leading-edge research infrastructure.
- \$50 million to the Institute for Quantum Computing for a new research facility.

Action to Build a Greener Canada

**Budget 2009 targets investments
that improve Canada's environment.
These include:**

- \$1 billion for green infrastructure projects.
- \$1 billion over two years for renovation and energy retrofits to social housing.
- \$300 million over two years to the ecoENERGY Retrofit program.
- \$1 billion for clean energy research, development and demonstration projects.
- \$87 million over two years for key Arctic research facilities.
- \$245 million over two years for the cleanup of federal contaminated sites.
- \$10 million to improve government environmental reporting.

- \$250 million over two years for deferred maintenance at federal laboratories.
- \$500 million to Canada Health Infoway for electronic health records.
- \$225 million over three years to extend broadband coverage to unserved communities.
- \$407 million for improvements to VIA Rail service.
- \$72 million over five years to improve railway safety.
- \$130 million to Parks Canada for Trans-Canada Highway twinning.
- \$150 million for visitor improvements and upgrades to Parks Canada.
- \$212 million to renew the Champlain Bridge in Montréal.
- \$57 million for the renewal of other key federal bridges across Canada.
- \$80 million over three years to expand and modernize border service facilities.
- \$217 million for core commercial fishing harbours across Canada.
- \$323 million over two years to restore federal buildings.
- \$87 million over two years for key Arctic research facilities.
- \$20 million in each of two years to improve the accessibility of federally owned buildings for persons with disabilities.
- \$296 million to enhance air passenger security.
- \$1 billion for clean energy research, development and demonstration projects.
- \$110 million over three years for space robotics research and development.
- \$81 million over two years to accelerate the cleanup of federal contaminated sites.
- \$10 million to improve government environmental reporting.

Action to Help Canadians and Stimulate Spending

Budget 2009 will support those Canadians affected by the global slowdown with:

- A 14-week extension of work-sharing agreements to a one-year maximum.
- \$50 million over two years to cover severance pay owed to eligible employees of bankrupt companies.
- A five-week extension to all regular Employment Insurance (EI) benefits for two years.
- Continued low EI premium rates of \$1.73 for 2009 and 2010, providing relief of \$4.5 billion over two years.
- \$500 million to extend EI benefits for workers in longer-term training.

Enhancing the Availability of Training

Budget 2009 will support an unprecedented level of training with:

- \$1.5 billion over two years for EI and non-EI training programs.
- \$55 million over two years for youth employment.
- \$60 million over three years for the Targeted Initiative for Older Workers.
- \$40 million a year to launch the \$2,000 Apprenticeship Completion Grant.
- \$87.5 million over three years to expand the Canada Graduate Scholarships program.
- \$50 million for a foreign credential recognition framework.

Improving Access to Financing

Budget 2009 improves access to financing that Canadians and businesses need to invest, grow and create jobs. Under the Extraordinary Financing Framework, it supports up to \$200 billion in financing, including:

- An additional \$50 billion for the Insured Mortgage Purchase Program, increasing its size to \$125 billion.
- \$13 billion to increase the lending of Crown corporations, of which \$5 billion will be delivered through the new Business Credit Availability Program.
- \$12 billion for a Canadian Secured Credit Facility to support financing of vehicles and equipment.
- An increase in the loan limit for small businesses under the Canada Small Business Financing Program.

Strengthening Canada's Financial System

Budget 2009 will further strengthen Canada's financial system with:

- Broadened Government authority to promote financial stability.
- Support for the transition to a Canadian securities regulator with willing provinces and territories.
- Better disclosure and business practices in consumer finance.

Action to Support Businesses

Budget 2009 includes significant measures to position Canada's economy for long-term recovery. These include:

- A two-year, 100-per-cent capital cost allowance (CCA) rate for investment in computers.
- A two-year extension of the temporary 50-per-cent straight-line accelerated CCA rate to investment in manufacturing or processing machinery and equipment undertaken in 2010 and 2011.
- Over \$440 million in savings for Canadian industry over the next five years by eliminating tariffs on a range of machinery and equipment.
- \$170 million over two years to support innovation and marketing for the forestry sector.
- \$500 million over five years to facilitate new agricultural initiatives.
- \$50 million over three years to strengthen slaughterhouse capacity.
- \$175 million to buy new coast guard vessels and refurbish aging vessels.
- Over \$335 million over two years for cultural and arts programs, including television, print media, museums, libraries and local theatres.
- \$40 million over two years for tourism marketing activities.
- \$50 million per year for marquee festivals and other tourist events.

Action to Support Small Businesses, Regions and Communities

Budget 2009 targets support to those small businesses and parts of Canada most affected by the economic downturn, including:

- An increase to \$500,000 in the amount of small business income eligible for the reduced federal tax rate of 11 per cent.
- \$30 million over two years for the Canada Business Network.
- \$200 million over two years to support industrial research for small and medium-size businesses.
- More than \$1 billion over five years for a Southern Ontario development agency to support economic development in Southern and Eastern Ontario.
- \$1 billion over two years for a Community Adjustment Fund to lessen the impact of economic adjustment.
- \$50 million for a new regional agency, and economic development in the North.
- A one-year extension of the temporary 15-per-cent mineral exploration tax credit.

Aboriginal Canadians

Budget 2009 provides significant new investments for Aboriginal Canadians, including:

- \$515 million over two years to accelerate "ready-to-go" First Nations projects in three priority areas: schools, water, and critical community services.
- \$400 million over two years for social housing for First Nations on reserves.
- \$100 million over three years in the Aboriginal Skills and Employment Partnership.
- \$75 million in a two-year Aboriginal Skills and Training Strategic Investment Fund.
- \$305 million over two years to improve health outcomes for First Nations and Inuit people.
- \$20 million over two years to improve child and family services on reserves.

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Information is available at www.fin.gc.ca

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